DOCUMENT RESUME

ED 278 149 EA 019 148

AUTHOR Elmore, Richard F.
TITLE Choice in Public Education. CPRE Joint Note Series.
INSTITUTION Center for Policy Research in Education.; Rand Corp., Santa Monica, Calif.; Rutgers, The State Univ., New Brunswick, NJ. Eagleton Inst. of Politics.; Wisconsin Center for Education Research, Madison.
SPONS AGENCY Office of Educational Research and Improvement (ED), Washington, DC.
REPORT NO RAND/JNE-01
PUB DATE Dec 86
GRANT OERI-6-86-0011
NOTE 49p.
AVAILABLE FROM Publications Department, The RAND Corporation, 1700 Main Street, P.O. Box 2138, Santa Monica, CA 90406 (Order No. RAND/JNE-01; $4.00 prepaid).
PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Access to Education; Administrative Policy; Attendance; Course Content; Course Selection (Students); Curriculum Development; Decision Making; Educational Change; Educational Finance; *Educational Policy; Elementary Secondary Education; Family School Relationship; *Organizational Change; Organizational Effectiveness; *Public Schools; *School Choice; School Effectiveness; *School Organization; Teacher Selection; Transfer Policy

ABSTRACT

The current debate on educational choice concerns whether locally centralized school systems of the kind that predominate in the public school sector are responsive to and can accommodate the diversity of educational consumers' preferences. Section I analyzes policy options and illustrates how policymakers, by examining a range of solutions to the problem of school organization, can alter the relationship between clients and providers. Section II, focusing on the problem of accommodating diversity in locally centralized systems, presents (1) the case for choices, (2) the range of choices within the existing system, and (3) the collective consequences of individual choices. Section III discusses the various options available to policymakers and suggests some ways in which the major elements of school organization can be brought together differently to change the relationship between clients and providers. This section also discusses how alterations in finance, attendance, staffing, and content policies can change the form of a school organization and the relationship between consumers and providers of education. Finally, section IV, addressing the question of whether policymakers should experiment with choice, presents both reasons for and cautions about such experimenting. Appended are 44 references. (WTH)

LP

ED278149

CPRE

CENTER FOR POLICY RESEARCH IN EDUCATION

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Choice in Public Education

Richard F. Elmore

December 1986

EA 019 148

THE RAND CORPORATION
THE STATE UNIVERSITY OF NEW JERSEY RUTGERS
Wisconsin Center for EDUCATION RESEARCH

BEST COPY AVAILABLE

CENTER FOR POLICY RESEARCH IN EDUCATION

The Center for Policy Research in Education (CPRE), sponsored by the U.S. Department of Education, unites the Eagleton Institute of Politics at Rutgers University, The RAND Corporation, and the University of Wisconsin-Madison in a joint effort to improve the quality of schooling through research on state and local education policy.

CPRE has the following goals:

- To strengthen the connections among policy, practice, and performance in American elementary and secondary education,
- To focus education policy research on the central concerns of schooling--teaching, learning, school organization, and student performance,
- To produce knowledge useful to policymakers and their constituents,
- To broaden the range of options from which education policymakers can choose,
- To foster a dialogue between the consumers and producers of education policy research.

To ensure that the Center's work is useful to policymakers, CPRE's research agenda is organized about three questions fundamental to any assessment of education policy.

1. Will the policy improve the quality of schools and student performance?
2. Can it be implemented within given resource constraints?
3. Will it be supported in its implementation?

CPRE Joint Note Series

Joint Notes are issued by CPRE to facilitate the exchange of ideas among policymakers and researchers who share an interest in education policy. The views expressed in these notes are those of individual authors, and are not necessarily shared by the U.S. Department of Education, The RAND Corporation, Rutgers University, or the University of Wisconsin-Madison. This publication was funded by the U.S. Department of Education, Office of Educational Research and Improvement, grant number OERI-6-86-0011.

PREFACE

The issue of choice in public schools currently has high political visibility and is debated in various contexts. The political debate is polarized between those who propose a regulated voucher system and those who defend the current locally centralized system. Many people concerned with public education in the United States believe it is time to think systematically about how educational choice could be used by policymakers to improve schools.

The analysis and conclusions presented in this Note should be of interest to state policymakers and their staffs, local school board members, and professional educators.

Richard Elmore is a Professor in the College of Education and Adjunct Professor in the Department of Political Science at Michigan State University. He is also a Research Fellow in the Center for Policy Research in Education.

SUMMARY

There are two fundamental questions of educational choice: Should parents and students be empowered to choose among schools, or among programs within schools? And should educators be empowered to organize and manage schools, to design educational programs, to recruit and select students, and to receive public funds for providing education to those students?

The first question might be called the "demand-side" question. It poses the issue of whether the consumers of education should be given the central role in deciding what kind of education is appropriate for them. The second is the "supply-side" question. It poses the issue of whether the providers of education should be given the autonomy and flexibility to respond to differences in the judgments of consumers about what constitutes appropriate education.

These questions of educational choice challenge the basic structure of locally centralized administration: If parents, students, and school-level educators were given more choice, would the system perform better?

Assumptions

A set of assumptions about the effect of individual choice on the responsiveness and performance of schools underlies the argument for increased choice in education. These assumptions are summarized as follows:

- Parents are more likely to be satisfied with a school they have chosen and to support their children's learning in such a school.
- Students are more likely to work at schooling more seriously when they (and their parents) have chosen the kind of school that they find appropriate to their needs.
- Teachers are more likely to enjoy their work and make the necessary commitment for successful teaching when they have chosen the setting in which they work and have been given an active hand in the construction of their school program.

In short, unrestricted client choice *should* make all consumers of education better off. But these assumptions, in reality, are tempered by conflicting, intangible factors that determine educational policy and the extent of government involvement in education.

Conclusions

The existing system of local centralization may indeed create serious problems for the performance and responsiveness of schools. But neither of the two extreme alternatives to this system--a private market for education or a complete public monopoly--is defensible in theory or in practice. Nevertheless, there is a great deal of latitude for enhancing choice in the existing system. Moreover, there is ample justification for both increased client choice in public education and a strong public role in enhancing and constraining that choice.

The major elements of the existing system--finance, attendance, staffing, and content--can be altered in a variety of ways to produce very different relationships among consumers and providers of education. Policymakers have strong reasons for experimenting with different models of consumer and provider choice. At the same time, policymakers might have equally strong reasons for approaching those experiments with caution and skepticism.

This analysis of policy options illustrates how various solutions to the problem of school organization can alter the relationship between clients and providers. The main points of the analysis are summarized as follows:

- Policies affecting choice must be evaluated from both the demand and the supply side. Providing consumers with greater educational choice while at the same time constraining the ability of educators to respond to consumer preferences will only increase dissatisfaction with schools.
- Policies affecting choice must take into account the broader public aims of education, in addition to the individual preferences of consumers and providers. These aims include providing a strong basic education for every school-aged person.

- The implementation of policies affecting the four major elements of the educational system--finance, attendance, staffing, and content--can provide policymakers with a wide range of options for enhancing and constraining choice. Various combinations of these elements correspond to distinctive forms of organization. The current system of local bureaucratic centralization represents only one of a large number of possible ways of organizing public education.
- There is little evidence that greater choice for consumers and providers of education will, by itself, dramatically change the performance of schools. But there are still substantial reasons for policymakers to consider initiating experiments in enhanced choice.

ACKNOWLEDGMENTS

The author benefited from the helpful comments of members of the Center for Policy Research in Education Seminar on Choice and the CPRE Research and Dissemination Advisory Committees. He extends special thanks to David Cohen, James Fox, Paul Hill, Helen Ladd, and Lorraine McDonnell, who reviewed an earlier draft and offered many useful comments.

CONTENTS

PREFACE iii

SUMMARY v

ACKNOWLEDGMENTS ix

Section

I. INTRODUCTION 1
The Current Context of Educational Choice 1
Findings of this Analysis 3
Structure of this Note 4

II. THE PROBLEM: ACCOMMODATING DIVERSITY IN LOCALLY CENTRALIZED SYSTEMS 5
The Case for Choice 5
Choice in the Existing System 10
The Collective Consequences of Individual Choice 14

III. POLICY OPTIONS: CHOICE BY DESIGN 19
Finance 20
Attendance and Staffing 22
Content 24
Organization 27

IV. SHOULD POLICYMAKERS EXPERIMENT WITH CHOICE? 30

REFERENCES 37

I. INTRODUCTION

At issue in the current debate on educational choice is whether locally centralized school systems of the kind that predominate in the public school sector are responsive to consumer choices, that is, whether these systems accommodate diversity in those choices. Critics argue not only that the present system is unresponsive, but also that it is inequitable because it allows the full range of educational options for those who can afford them and no options for those who cannot. Defenders argue that the existing system offers ample choice to clients who know how to use it. From the policymaker's viewpoint, the central problem is how to use the elements of school organization--finance, attendance, staffing, and content--to affect the relationship between consumers and providers so as to enhance the responsiveness and performance of schools. This Note is intended to inform the current debate and, equally important, to widen its parameters beyond present boundaries.

THE CURRENT CONTEXT OF EDUCATIONAL CHOICE

The debate on educational choice encompasses two fundamental questions: Should parents and students be empowered to choose among schools, or among programs within schools? And should educators be empowered to organize and manage schools, to design educational programs, to recruit and select students, and to receive public funds for providing education to those students?

The first question might be called the "demand-side" question. It poses the issue of whether the consumers of education should be given the central role in deciding what kind of education is appropriate for them. The second is the "supply-side" question. It poses the issue of whether the providers of education should be given the autonomy and flexibility to respond to differences in the judgments of consumers about what constitutes appropriate education.

These questions go to the very roots of the finance, organization, and political control of American public education. Education policy in the United States is, for the most part, based on the premise that the individual interests of parents, students, and educators should be subordinated to broader public policy objectives. Among these objectives are a broadly educated citizenry, an understanding on the part of the citizenry of the basic principles of democracy, fairness in the distribution of the opportunities and rewards of education, an understanding of and tolerance for people who are different from oneself, and preparation for an economically productive adulthood. These objectives have been expressed in laws, institutions, and processes that set the basic structure and content of American public education.

While there is some variation in the finer details of structure from state to state and from community to community, two features cut across all locations and levels: First, the money to pay for education flows from taxpayers to local school boards and to administrators who decide how it will be spent. Consumers do not directly "purchase" public education, either with their own money or with their share of public revenue. Second, decisions about who attends which school, who teaches in which school, and what is taught in schools are formally lodged with local boards and administrators, operating within a framework of state and federal policy. In other words, finance, attendance, staffing, and curriculum content are locally centralized political and administrative decisions, not private consensual decisions between consumers and providers.[1]

---

[1]States have, of course, made major inroads into local authority over finance, personnel, and content, through tax and revenue equalization, labor-relations laws, certification requirements, and content mandates. In this sense, there is a significant degree of state centralization in certain key areas. But at the level of what might be called "allocation decisions"--that is, deciding who will do what in which setting--local boards and administrators still play the dominant role. In this Note, finance, staffing, attendance, and content refer to allocation decisions in these areas.

The organizing principle of the public school system, then, is local centralization. From the national or state level, education appears to be a highly decentralized enterprise, since most detailed decisions about the conduct of education are delegated to the 16,000 or so local school districts. But from the client's or teacher's point of view, the system appears to be highly centralized and bureaucratic. Decisions about who gets access to what kind of education are determined by centrally administered rules and structures, rather than by the preferences of clients and providers.

To raise the supply-side and demand-side questions of educational choice, then, is to challenge the basic structure of the locally centralized administration: If parents, students, and school-level educators were given more choice, would the system perform better?

This Note informs the current debate on educational choice in three ways: First, it reviews the research and policy issues that lie behind the debate. Second, it defines the range of possible options that state and local policymakers might pursue in responding to the issue of choice in public education. Third, it assesses the risks and benefits of experiments with enhanced choice for clients and providers of education.

FINDINGS OF THIS ANALYSIS

This analysis of policy options illustrates how policymakers, by examining a range of solutions to the problem of school organization, can alter the relationship between clients and providers. The main points of the analysis can be summarized briefly as follows:

- Policies affecting choice must be evaluated from both the demand and supply sides. Providing consumers with greater educational choice while at the same time constraining the ability of educators to respond to consumer preferences will only increase dissatisfaction with schools.
- Policies affecting choice must take into account the broader public aims of education, in addition to the individual preferences of consumers and providers. These aims include providing a strong basic education for every school-aged person.

- The implementation of policies affecting the four major components of the educational system--finance, attendance, staffing, and content--can provide policymakers with a wide range of options for enhancing or constraining choice. Various combinations of these elements correspond to distinctive forms of organization. The current system of local bureaucratic centralization represents only one of a large number of possible ways of organizing public education.
- There is little evidence that greater choice for consumers and providers of education will, by itself, dramatically change the performance of schools. But there are substantial reasons why policymakers might want to initiate experiments in enhanced choice.

STRUCTURE OF THIS NOTE

Section II focuses on the problem of accommodating diversity in locally centralized systems, presenting (1) a case example of supply-side and demand-side choices and some voices from different viewpoints, (2) the range of choices in the existing system, and (3) the collective consequences of individual choice. Section III discusses the various policy options available to policymakers, suggesting some ways in which the major elements of school organization can be brought together differently to change the relationship between clients and providers. That section also includes a discussion of organizational possibilities to illustrate how altering finance, attendance, staffing, and content policies can change the form of a school organization and the relationship between consumers and providers of education. Finally, Section IV addresses the question of whether policymakers should experiment with choice, presenting both reasons for and cautions about such experimenting.

II. THE PROBLEM: ACCOMMODATING DIVERSITY IN LOCALLY CENTRALIZED SYSTEMS

THE CASE FOR CHOICE

Consider the following hypothetical case:[1]

Ann Orlov is eleven years old. She and her younger brother Larry live in the city with their parents Harry and Jean. Harry earns $14,000 as a policeman; Jean adds $3,000 as a part-time secretary. Ann attends Willis Elementary, the neighborhood public school. She is not unusually bright but has shown a strong interest in art and in the lives and work of artists. She dislikes Willis, in part because so little time is devoted to her special interest. She studies art in a community program on Saturdays, but otherwise--apart from a 45-minute once-a-week art class taught by a specialist--she regards her formal education as a waste of time. She would be delighted to spend her days following the art teacher around, but that is out of the question in view of all the other children to be served. Ann's regular teacher finds it inconsistent both with his own role and with Ann's needs for her to be allowed to sit alone in the back of the classroom all day and draw. The Orlovs have asked the principal at Willis, a sympathetic woman, for aid or advice. Unfortunately, she sees no way to help Ann, short of enrollment in another school.

Ann has begged to go to school elsewhere. She would prefer a school that emphasizes art but would be happy even to be assigned to a teacher whose regular class routine responded to her interests. Her parents want to help, but there are problems. The Orlovs cannot afford Bellwood, the arty but expensive private school that Ann thinks she would like. The modestly priced local Catholic school might serve, but the Orlovs oppose this solution on

[1]This illustrative case is taken from John E. Coons and Stephen Sugarman, *Education by Choice: The Case for Family Control*, Berkeley, Calif.: University of California Press, 1978, pp. 8-9.

religious grounds. They might discover a public school in the city with an attractive art program or teacher, one located within reasonable traveling distance; but the school authorities would have to approve Ann's transfer from Willis, and this is not likely. Of course, the Orlovs could move to the attendance area of the other school. They could even move to a different school district. A number of their former neighbors have done so, and some are pleased with the outcome.

For the Orlovs, however, there are limiting conditions. Policemen are supposed to live in the city, so a change of districts for Harry might mean finding a new job. And for many reasons--the park, the neighbors, shopping, the church, the cost of moving--the Orlovs prefer their present neighborhood and would find it painful and expensive to move. Their gravest concern is for Larry, who loves Willis's strong music program, including a boy's chorus in which he solos. Harry and Jean feel that any move would be risky. If the student body in the new school is separated into ability groups, they might assign Ann to the wrong program. More important, the Orlovs are worried that even if the family moves, subsequent shifts in teaching personnel or official policy might leave the whole family even worse off than before.

Armin Schroeder is a young art teacher in the public schools of a blue-collar suburb adjoining the city. He has developed a proposal for a comprehensive elementary curriculum in the symbols and materials of the artist's world. Schroeder has tried to persuade the school authorities to give him an experimental school, but, though sympathetic to experimentation, they are already committed in other directions. In any event, Schroeder's success in his own district would probably be of little help to Ann Orlov; even if there were spaces available, she is not likely to be granted a special transfer outside her district.

Schroeder does not have the capital to start such a school on a private basis. Even if he could raise the money, he would probably

have to charge more than $1,400 a year tuition; he might be able to attract a rich clientele and survive, but he prefers not to run an elitist school. Possibly enough families like the Orlovs would try his school to make it viable--if they could afford it. Most of them could not. The Orlov's savings are insignificant and their responsibilities weighty; family resources are already diminished by $700 paid yearly in various taxes that support education, and the public school is "free." Under these circumstances, even wealthier people often forgo the private alternative they might prefer.

Ann Orlov's case represents what many critics regard as a basic pathology of American public education. "The state is content to trust the Orlovs with sophisticated decisions regarding food, hours of rest, and other important matters affecting the child," Coons and Sugarman argue. "Only when it comes to education has the state ... virtually emasculated the family's options."[2]

The central control exercised by local school systems, Coons and Sugarman continue, is a formula for stagnation, unresponsiveness, and mediocrity. "Public schools today are rarely permitted to die of unpopularity," they argue. "Thus, their incentive to innovate is meager, and their capacity to terminate unsuccessful programs is as bad or worse."[3]

Furthermore, they argue, the absence of choice and competition works against the very ideals of equal opportunity that the public schools are supposed to embody: "The poorer the family, the less its ability to furnish home remedies for educational ailments; ... the more difficult it is to escape an underfinanced or mismanaged public school system by changing residence; and ... the less its ability to induce the public system to provide the alternative classroom or program it prefers."[4]

---

[2]Ibid., p. 10
[3]Ibid., p. 154.
[4]Ibid., p. 26.

These convictions are shared by others representing widely divergent political viewpoints. Stephen Aarons argues that the existing organization of schooling "provides free choice for the rich and compulsory socialization for everyone else." It "confronts the dissenting family with a choice between giving up its basic values ... as the price of gaining a free education in a government school or paying twice in order to preserve its ... rights."[5] "Government-operated schools," argues Joel Spring, "are destructive to the political culture of a democratic society and are one of the major obstacles to the free development and expression of ideas."[6]

James Coleman adds, "Public schools have become increasingly distant from the families of the children they serve, increasingly impersonal agents of a larger society." Schools have lost their capacity "to support and sustain the family in its task of raising children"; they have lost their claim to a community of interest with families. The restoration of schools, Coleman concludes, requires "abandoning the assumption of the school as an agent of the state and substituting an assumption [that] the school is properly an extension of the family and the social community ... of which the family is part."[7]

The intellectual roots of the current debate on educational choice can be traced from Thomas Paine and Adam Smith in the eighteenth century, through John Stuart Mill in the nineteenth century, to a variety of conservatives, liberals, and radicals in the twentieth century.[8] In 1962, conservative Milton Friedman proposed a system of publicly financed educational vouchers.[9] In the late 1960s, the idea

---

[5]Quoted in "Justice and Excellence: The Case for Choice in Chapter 1," U.S. Department of Education, November 15, 1985.

[6]Joel Spring, "Dare Educators Build a New System?" in Michael Manley-Casimir (ed.), *Family Choice in Schooling: Issues and Dilemmas,* Lexington, Mass.: Lexington Books, 1982, p. 33.

[7]James Coleman, "Schools, Families, and Children," Ryerson Lecture, University of Chicago, 1985.

[8]Coons and Sugarman, op. cit., pp. 18-19.

[9]Milton Friedman, *Capitalism and Freedom,* Chicago: University of Chicago Press, 1962, pp. 85-107.

was picked up by a liberal Democratic administration and elaborated, with financial support from the U.S. Office of Economic Opportunity (OEO), into a proposal for a regulated educational voucher system,[10] which was in turn elaborated into a demonstration project in Alum Rock, California.[11] In 1985, the Reagan administration proposed that the federal government's largest education program, Chapter 1 of the Educational Consolidation and Improvement Act, be changed to an individual voucher program for disadvantaged children.[12] And in 1986, the National Governors' Association endorsed greater parental choice in education as one of its main educational priorities.[13]

The common thread in these ideologically divergent views is a profound disillusionment with what David Tyack has called "the one best system."[14] This system of locally centralized political and bureaucratic control, Tyack argues, is an outgrowth of the municipal reform movement of the nineteenth century, which tried to substitute enlightened lay leadership and scientific management for political patronage as the organizing principle of public education. The basic structure that grew out of this period--a locally elected lay board of education, a large and functionally specialized central administration, and schools run by principals reporting to the central administration--persists to this day and has a resilience, Tyack argues, that far

---

[10] *Education Vouchers: A Report on Financing Elementary Education by Grants to Parents,* Cambridge, Mass.: Center for the Study of Public Policy, 1970; for a case study of this period, see David Cohen and Eleanor Farrar, "Power to the Parents?--The Story of Education Vouchers," *The Public Interest,* No. 48, 1977, pp. 72-97.

[11] *A Study of Alternatives in American Education,* in seven volumes, The Rand Corporation, R-2170/1-NIE through R-2170/7-NIE, 1978.

[12] "Justice and Excellence: The Case for Choice in Chapter 1," U.S. Department of Education, November 15, 1985.

[13] National Governors' Association, *Time for Results: The Governors' 1991 Report on Education,* Task Force on Parent Involvement and Choice, Supporting Works, August 1986.

[14] David Tyack, *The One Best System: A History of American Urban Education*, Cambridge, Mass.: Harvard University Press, 1974; see also David Tyack and Elizabeth Hansot, *Managers of Virtue: Public School Leadership in America, 1820-1980*, New York: Basic Books, 1982.

surpasses its educational effectiveness. Local centralization of administrative functions in public schools, the argument goes, creates a self-interested bureaucracy with strong incentives to maximize its budget, control its clientele and subordinates, and expand its domain of influence, but only very weak incentives to attend to the essential processes of teaching and learning.[15]

CHOICE IN THE EXISTING SYSTEM

An enlightened public school administrator, confronted with these arguments, would probably reply that they represent a gross caricature of the typical public school system and a complete misunderstanding of the role that parent and student choice play in that system. Many school systems offer a considerable array of choices within and among schools. Parents and students play an active role in the choice of these programs. In fact, our enlightened administrator might continue, community sentiment seems to be running strongly against greater choice and toward clearer, more uniform academic standards for all students, regardless of students' and parents' personal tastes or preferences. The public doesn't always value choice above other possible objectives, the administrator might conclude.

There is considerable empirical and theoretical support for the enlightened administrator's viewpoint. Consider the array of choices confronting students and parents in the existing system. Some choices, like place of residence and public versus private schooling, are time-consuming, costly to make, and costly to reverse once they are made. These might be called "lumpy" choices.

Many parents and students, however, make smaller, more manageable educational choices. These require smaller expenditures of money and time and are easier to reverse. They can have significant consequences for parents, students, and schools. These are somewhat "smoother" choices. Public school systems frequently offer a range of programs within and among schools, programs for the academically talented, for

---

[15]See Jacob Michaelson, "A Theory of Decision Making in the Public Schools: A Public Choice Approach," in Samuel Bacharach (ed.), *Organizational Behavior in Schools and School Districts,* New York: Praeger, 1981, pp. 208-241.

the handicapped, for students with specific learning problems, for the artistically, vocationally, or scientifically inclined, and many more.[16] The availability of these options allows parents to exercise educational choice by influencing the assignment of their children to teachers, classes, schools, and special programs within schools or school systems. In some instances--special education, for example--school officials are required by federal and state policy to include parents in choices affecting the assignment of their children.

Some significant proportion of parents actively exploit these opportunities; other parents accept the assignments they are dealt, either because they are unaware that they have choices or because they willingly delegate those choices to others. In some instances, parents and students are "active choosers,"[17] in the sense that they exploit their options; in others, they are "inactive choosers,"[18] in the sense

---

[16]Evidence on this point is scanty, but suggestive. Surveys indicate that something like one-third of urban districts have schools that are specifically identified as "magnet" or "alternative" schools, but the designers of these surveys suggest that they seriously underestimate the proportion of programs offering choice to parents or students. The surveys do not include within-school alternatives, districtwide transfer schemes, or education and employment-training programs outside the public school system. Nor do they attempt to measure the frequency of active parental or student choice in the absence of specific programs designed to offer choice. See Mary Anne Raywid, "Synthesis of Research on Schools of Choice," *Educational Leadership,* April 1984, p. 71; and "Family Choice Arrangements in Public Schools," *Review of Educational Research,* Vol. 55, No. 4, Winter 1985, pp. 435-467.

[17]In a 1982 survey, about 12 percent of parents said that they had chosen to send at least one child to a nonpublic school, and about 20 percent of parents whose children were enrolled in public school said they had actively considered nonpublic schools. About 53 percent of public school parents said they considered the quality of the public schools in making residential choices. Significantly larger proportions of minority and low-income people than the general population said they had exercised active choice by these criteria. Overall, though, the nonpublic school population is more likely to be white, affluent, and well-educated than the general population. Mary Frase Williams, Kimberly Small Hancher and Amy Hutner, "Parents and School Choice: A Household Survey," School Finance Project Working Paper, U.S. Department of Education, December 1983, pp. 15, 20, 22.

[18]I am indebted to Mary Metz and Mary Ann Raywid for assistance in framing this distinction, though neither is responsible for the use I have made of it.

that they defer to the decisions of professionals, they do not acknowledge or understand their options, or they are simply satisfied with what they have. Some parents and students may be consistently more active than others. Some may, by virtue of their background or economic circumstances, be less able to assert their preferences.

The existence of choice, and of active choosers, within public school systems does not mean that those systems are necessarily responsive to all clients. The array of choices in a given system may, in fact, be predicated on the assumption that few parents are active choosers. A high proportion of active choosers might disrupt the central determination of attendance, staffing, and content. Indeed, teachers and administrators may intentionally discourage active choice for the majority of their clients to prevent the disruption of central administration.

Students also have considerable choice in determining their education, mainly at the secondary level. Some student choices are "programmed" by the rules and structures of their schools. College preparatory courses, advanced placement courses, vocational and career courses, so-called general education courses, and electives are all part of the standard menu of options in the typical comprehensive high school. As with parental choice, some significant proportion of students (often with the guidance of a parent or another influential adult) actively exploit these choices, while others more or less accept what the system deals them.

Some choices that students make are not programmed by the rules or structures of their schools. One important unprogrammed choice, which is not ordinarily thought of as educational but has enormous educational implications, is the choice that students make about how much time to spend on education, leisure, and work. About half the teenage population is actively involved in the labor force; that is, they are either employed or looking for work. Employment appears to have significant effects--both positive and negative--on school performance.[19] Anyone who has ever lived with a teenager can recount

[19]A study of teenage employment in a Southern California county showed that young workers gained in self-reliance, punctuality, social interaction skills, and knowledge of practical matters, but that their employment offered them little opportunity to interact with adults or to

the struggles that occur over how much time will be spent on homework, athletics, earning, and hanging-out.

Of far greater educational consequence is the choice made by one-fifth to one-half of the nation's teenagers not to go to school at all.[20] Some of these young people take advantage of education and employment-training opportunities outside the public schools. Some never return to any form of education.

To summarize, while the critics of the "one best system" have a point about its relative unresponsiveness to the preferences of individual clients, the system does present a variety of choices. Some of the choices (changes of residence, for example) are lumpy, in that they entail large costs and risks, while some are relatively smooth (changing teachers, for example), in that they entail small costs and risks. Some choices are programmed by the existing system (special schools and programs within schools), while some are unprogrammed and lie in the hands of consumers (work, study, leisure). Some clients take an active posture toward their choices, while others take an inactive

---

use cognitive skills. Work did not appreciably affect teenagers' career plans, nor did it deter delinquency. Above 15 to 20 hours per week, the costs of work, in terms of lowered school performance, job-related stress, and negative attitudes toward work, outweigh the benefits. Ellen Greenberger and Laurence Steinberg, "Part-Time Employment of In-School Youth: An Assessment of Costs and Benefits," unpublished research report, University of California, Irvine, 1981.

[20]Data from the U.S. Department of Labor's National Longitudinal Survey (NLS) of Labor Market Experience Youth Cohort show that about one-half of male high-school dropouts and about one-third of female dropouts give school-related reasons for their decision to leave school. The dropout rate in vocational programs is higher than that in academic programs. Retention in one grade increases the likelihood of dropping out by 50 percent; retention in two grades increases the likelihood by 90 percent. William Morgan, "The High School Drop-Out in an Overeducated Society," Center for Human Resource Research, Ohio State University, February 1984, quoted in Dale Mann, "Can We Help Dropouts: Thinking about the Undoable," *Teachers College Record,* Vol. 87, No. 3, Spring 1986, p. 308.

Analyses of the U.S. Department of Education's High School and Beyond (HSB) Survey found that school-related factors, including expected academic performance, test performance, and grades, were the most powerful predictors of whether a student will complete high school or drop out. Gary Wehlage and Robert Rutter, "Dropping Out: How Much Do Schools Contribute to the Problem?" *Teachers College Record,* Vol. 87, No. 3, Spring 1986, pp. 374-392.

posture. Critics can argue about the appropriateness of the constraints that the system of local centralization places on choice, or about the differential impact of choices on different types of clients, but they cannot argue that the system offers no choice. Likewise, supporters can argue that the system offers a variety of choices, but they cannot argue that those choices are equitably distributed or that they necessarily contribute to the best outcome for all clients.

Before we move further in this discussion and into the analysis, we might ask what results we could expect if parents, students, and educators had more choice.

THE COLLECTIVE CONSEQUENCES OF INDIVIDUAL CHOICE

Underlying the argument for increased choice in education is a set of assumptions about the effects of individual choice on the responsiveness and performance of schools. These assumptions might be summarized as follows:

- Parents are more likely to be satisfied with a school they have chosen, and to support their children's learning in such a school.
- Students are more likely to engage in the work of schooling more seriously when they (and their parents) have chosen the kind of school that they find appropriate to their needs.
- Teachers are more likely to enjoy their work and make the commitment necessary to successful teaching when they have chosen the setting in which they work and take an active hand in the construction of their school program.

When parents, students, and educators choose the setting in which education occurs, the argument goes, we should expect better results--in school achievement, attendance, and attainment. The notion of "community" often figures prominently in these arguments. Enhanced choice, the argument goes, creates communities of shared values that command the loyalty of participants, that set clear expectations, and that are more likely to succeed in accomplishing common goals.[21]

---

[21]The empirical evidence on these assumptions is suggestive, but hardly definitive. Comparisons of public, private, and Catholic high

In principle, it is difficult to disagree with this argument. It is plausible that organizations with captive clientele have weaker incentives to respond to their clients' needs and preferences than

---

school achievement seem to show that Catholic schools exceed public schools, controlling for student composition. Furthermore, the Catholic school effects seem greater for minority and low-income students. Private schools also show greater achievement than public schools, again controlling for student composition, but the private school advantage is on the order of half as large as the Catholic school advantage. The size of these differences and their statistical and educational significance are matters of considerable debate in the social science community, but the direction of the comparisons is consistent across analyses. James Coleman, Thomas Hoffer, and Sally Kilgore, *High School Achievement: Public, Catholic, and Private Schools Compared,* New York: Basic Books, 1982; Arthur Goldberger, and Glen Cain, "The Causal Analysis of Cognitive Outcomes in the Coleman, Hoffer, and Kilgore Report," *Sociology of Education,* Vol. 55, 1982, pp. 103-122; and Richard Murnane, "Evidence, Analysis, and Unanswered Questions," *Harvard Educational Review,* Vol. 51, 1981, pp. 483-489.

One important finding of the research on public and nonpublic schools which has not been given the same visibility as the public/nonpublic comparisons is that "even the largest estimates of a private school advantage are small relative to the variation in quality among different non-Catholic private schools. Consequently, in predicting the quality of a student's education, it is less important to know whether the student attended a public school or a private school than it is to know which school within a particular sector the student attended." Richard Murnane, "A Review Essay--Comparisons of Public and Private Schools: Lessons from the Uproar," *Journal of Human Resources,* Vol. 19, No. 2, 1984, pp. 170, 263-277.

A related survey of the attitudes of public and nonpublic school educators reveals that public school educators perceive more external control over their work, are more likely to stress bureaucratic and public relations aspects of their jobs, and are more likely to complain about lacking the essential resources to do their jobs than nonpublic educators. Nonpublic educators, on the other hand, are more likely to perceive positive parent and student expectations and are more likely to perceive their schools' goals as clearly communicated than public school educators. Nonpublic teachers are more likely to perceive their principals as playing a constructive role and are more likely to know what their colleagues are teaching and to coordinate content decisions. Nonpublic schools are more likely to have schoolwide standards on such subjects as homework than public schools. It is important to remember that these results come from a survey of attitudes, rather than practice, and that they conceal wide variation on both the public and nonpublic sides. John Chubb and Terry Moe, "Politics, Markets, and the Organization of Schools," unpublished paper delivered to the annual Meeting of the American Political Science Association, September 1985.

A final piece of evidence comes from the Alum Rock voucher experiment. Parents who participated in the voucher experiment

organizations that have to compete for their clients. Organizations that receive their budgets from centralized political and bureaucratic authorities rather than directly from clients have weaker incentives to respond to those clients. Organizations that receive their clients and staff from centralized assignment systems and have the nature of their work determined by rules set elsewhere are more likely to be responsive to central administrators and rulemakers than to clients.[22]

So, other things being equal, unrestricted client choice should make all consumers of education better off. But other things are never equal.

If all the significant costs and benefits of education could be represented in the price that consumers are willing to pay, as they are with toothpaste or breakfast cereal, then there would be no reason, in principle, why consumers shouldn't choose and pay for whatever quantity or type of education they prefer, without any public involvement at all. But this is not the case, for at least three reasons. First, your educational choices have significant effects on my welfare, and vice versa. Much of the beneficial effect of schooling derives from association (with other students, with teachers, with communities), rather than from individual consumption. Hence, your decision to leave my school affects my opportunity to learn in ways that are not adequately accounted for in the price of your tuition. Second, we can realize certain collective benefits only if we agree to limit our individual choices, by, for example, requiring everyone to have a

---

expressed a high degree of satisfaction with their schools, although consistently less satisfaction than nonvoucher parents. Teachers in voucher schools expressed a high degree of satisfaction with the system at the outset, but their support declined sharply with time. While there is some evidence that voucher programs differed across schools, there is no evidence that they produced differences in student achievement. Geographical proximity, rather than curriculum content, was the major determinant of parental choice. Gary R. Bridge and Julie Blackman, *A Study of Alternatives in American Education, Vol. III: Teachers' Responses to Alternatives,* Santa Monica, Calif.: The RAND Corporation, 1981, pp. 58ff.

[22]See, for example, Charles Wolf, "A Theory of Non-Market Failure: Framework for Implementation Analysis," *Journal of Law and Economics,* Vol. 22, 1979, pp. 107-139.

certain minimum amount of education. These collective benefits include, for example, life in a stable democracy populated by literate voters and the availability of a highly skilled, mobile labor force in the event of a national emergency. Third, we may agree that we value certain things, such as racial equality or access to a decent standard of living for all members of society, because these things are good in themselves, regardless of the material benefits they provide to us. So we may insist that a certain amount of education be provided all members of society to prevent social consequences we regard as bad in and of themselves.

All of these are reasons why we might choose rationally to have the government involved in the provision of education, why government might be empowered to limit individuals' educational choices, and why government involvement in education might promote society's welfare in ways that a purely private market in education might not.[23] Even Milton Friedman, who concedes few legitimate governmental constraints on individual choice of any kind, acknowledges the duty of the government "to require that each child receive a minimum amount of schooling of a specified kind."[24]

But one cannot parlay a rationale for government *involvement* in education into a rationale for a government *monopoly* over education. For all the reasons argued by the advocates of increased educational choice, a public monopoly would probably increase the problems of responsiveness and performance associated with the current system of limited competition. Perhaps more important, some citizens assert a right to choose nonpublic education for religious or personal reasons that would make a public monopoly impossible to sustain. Indeed, since

---

[23]See Richard Musgrave and Peggy Musgrave, *Public Finance in Theory and Practice,* New York: McGraw-Hill, 1973, pp. 52-64, 80-81; and Walter Garms, James Guthrie, and Lawrence Pierce, *School Finance: The Economics and Politics of Public Education,* Englewood Cliffs, N.J.: Prentice-Hall, 1978, pp. 46-60. For an account that emphasizes the role of education in promoting democratic values, see Henry Levin, "Educational Choice and the Pains of Democracy," in Henry Levin and Thomas James (eds.), *Public Dollars for Private Schools: The Case of Tuition Tax Credits*, Philadelphia, Pa.: Temple University Press, 1983, pp. 17-83.

[24]Friedman, op. cit., p.86.

the U.S. Supreme Court's 1925 decision in *Pierce v. Society of Sisters,*[25] the dominant constitutional doctrine in the United States has been that states cannot prohibit children from attending nonpublic schools, though states may regulate nonpublic schools to assure that they serve the broader public interest.[26]

To summarize, there are plausible reasons for believing that the existing system of local centralization creates serious problems for the performance and responsiveness of schools. Yet neither of the two extreme alternatives to this system--a private market for education or a complete public monopoly--is defensible in theory or in practice. This, however, does not mean that there is not a great deal of latitude for enhancing choice in the existing system.

A useful approach to understanding the role of choice in public education is to focus on ways in which the elements of school organization--finance, attendance, staffing, and content--can be changed to affect the relationship between clients and providers. We now turn our attention to this approach.

---

[25]268 U.S. 510 (1925); for a discussion of the historical context of *Pierce*, see Thomas James, "Questions About Educational Choice: An Argument from History," in Levin and James (eds.), op. cit., pp. 65-67.

[26]State policies toward compulsory education present an interesting case study in the collective consequences of individual choice. Between 1852 and 1900, most states outside the South enacted compulsory attendance laws; between 1900 and 1910, southern states followed. States with compulsory attendance laws during this period showed higher school enrollment and attendance than states without such laws, although in no state was attendance anything like universal. Close analysis shows, however, that much of the difference in enrollment and attendance occurred *before* the enactment of the laws, not after. This suggests that democratic governments are able to coerce people into attending school only if a large proportion of the people are willing to go voluntarily. William Landes and Lewis Solomon, "Compulsory Schooling Legislation: An Economic Analysis of Law and Social Change in the Nineteenth Century," *Journal of Economic History,* Vol. 32, No. 1, pp. 54-91, especially pp. 77-79.

III. POLICY OPTIONS: CHOICE BY DESIGN

The central problem, defined earlier, is how to use the elements of school organization to affect the relationship between clients and providers in ways that may enhance the responsiveness and performance of schools. Three sets of actors are central to this enterprise: clients, providers, and policymakers. Each brings a distinctive set of interests and resources to the common task of schooling.

Clients (parents and students) provide the raw material for schools and, by their choices, deliver important signals about their preferences for what is taught in school. Providers (teachers and administrators) bring the expert knowledge of content and pedagogy necessary to capitalize on the talents and preferences of consumers. Policymakers (board members and legislators) hold the proxy for the public at large, providing the money and authority necessary to make the enterprise work. Policies are more likely to work when they complement and reinforce the distinctive interests and resources of these actors.

Table 1 suggests some ways in which the elements of school organization can be brought together differently by policymakers to change the relationship between clients and providers. The following analysis llustrates how, by examining a range of solutions to the problem of school organization, policymakers can alter the relationship between clients and providers. The particular options chosen for the analysis are less important than the underlying message that (1) the existing system of local centralization represents a very limited view of the relationship between clients and providers, and (2) there are many ways of altering this relationship, while at the same time representing the broader public interest in the organization of schools.[1]

---

[1]This analysis owes much to the influence of my colleague Peter May and his article, "Hints for Crafting Alternative Policies," *Policy Analysis*, Vol. 7, 1981, pp. 227-244.

Table 1

ILLUSTRATIVE CHOICE OPTIONS

Element	School Organization			
	Local Centralization	School-Site Decentralization	Cooperative Contracting	Regulated Market
Finance	Payment to districts; centralized budgeting	Lump-sum payment to schools; decentralized budgeting	Contracting with consumer or producer cooperatives	Payment to clients
Attendance/ Staffing	Central assignment with centrally administered exceptions	Centrally administered matching	School-level selection; minimum regulation	School-level selection; minimum regulation
Content	Central rulemaking; decentralized implementation	School-level planning; decentralized rulemaking and implementation	Examination-driven	Consumer-driven

FINANCE

Finance determines the flow of money through the system. Most analyses of educational choice treat finance as a dichotomous variable: Either we allocate money to schools through centralized administrative systems, or we give money directly to parents, in the form of vouchers or tax credits, for the purchase of education. This dichotomy sharpens the political debate, but it considerably understates the range of forms financing can take and the range of ways finance can influence the relationship between consumers and providers.

Between the poles of payment to districts and payment to individual consumers are at least two other financing arrangements, each with a different set of incentives: lump-sum allocations to schools and contracting. Lump-sum allocations are a form of administrative decentralization. Schools are treated as "revenue centers," receiving a budget based on a per-pupil allocation, presumably adjusted for special students. Schools are responsible for allocating those funds among various activities, with minimum guidance from central administrators. A school might, for example, choose to reduce the number of full-time teachers and increase part-time aides, in order to free teacher time for special instructional activities, individual tutorials, or part-time administration. Decentralization requires some degree of flexibility on the part of central administration in defining what constitutes a school, in order for schools to have the flexibility to design their internal structures along different lines. Some schools might choose the traditional structure with a full-time building administrator; others might choose a completely different structure, such as one in which teachers assume administrative responsibility or hire a business manager. The tighter the restrictions on what constitutes a school, the more lump-sum allocations look like centralized financing.

Contracting could take a number of forms, but it is mainly distinguished from centralized or lump-sum allocation by the fact that the contractor is not necessarily a subordinate unit of the contracting agency. Contracting arrangements might be made with producer cooperatives (e.g., groups of teachers wishing to form a school) or consumer cooperatives (e.g., groups of parents who organize a school and hire people to staff it) or neighborhood groups who wish to take over the operation of their neighborhood school. Under these arrangements, the contracting agency, which would probably be a local school board, could stipulate conditions for contractors, such as adult-student ratios, staff qualifications, minimum hours, performance expectations, etc. The tighter these stipulations, however, the more contracting begins to look like central control. Contracting is a common form of financing for public human services other than education--day care, community mental health, employment training, etc.

Lump-sum allocations and contracting represent the use of finance to shift the locus of allocation decisions from central administrators to providers. Vouchers and tax credits represent a shift to consumers. The financing of consumer cooperatives is a hybrid, a mechanism for funding consumers in an organized capacity.

ATTENDANCE AND STAFFING

Attendance and staffing determine the allocation of people to classrooms and schools and, consequently, the fit between consumers and providers. Under centralized attendance and staffing systems, students and teachers are centrally assigned to schools, but the system accommodates for certain purposes, such as racial balance or faculty seniority. At the opposite extreme from central assignment is the regulated market model envisioned by voucher advocates, in which students and teachers choose schools based on their preferences. In the regulated market model, only selected constraints are set on these choices, to limit the possibility of outright discrimination or monopoly.[2]

Between these extremes lie a number of other possibilities. Richard Murnane observes that consumer and producer choice in education actually entail three distinct components: *matching* student interests and capabilities with programs; *choosing,* or the process of students and parents selecting among alternative programs; and *being chosen* from a pool of applicants to participate in a competitive program.[3] One alternative might stress centrally administered matching as a mechanism for establishing the fit between students and staff. Board members and central administrators could set a broad menu of themes within which parents, students, and teachers would be expected to find some common ground. Any group of consumers or providers could propose an academic program organized around one of the themes, or central administrators

---

[2]See Coons and Sugarman, op. cit., pp.148-152, 194-211.

[3]Richard Murnane, "Family Choice in Public Education: The Roles of Students, Teachers, and System Designers," *Teachers College Record,* Winter 1987 (forthcoming).

could assign groups of educators to develop academic programs around themes and offer parents, teachers, and students the option of affiliating with one or more programs. This kind of centrally administered matching maintains central control over the specification of content options and provides some means of justifying attendance and staffing decisions on the basis of educationally relevant criteria, but it allows for a sorting of educators and students according to mutual interests. It also allows for the definition of options in ways that cut across racial, ethnic, and neighborhood lines, increasing the likelihood that choice will result in diversity of student populations. Everyone--students and staff--would be required to choose, and the central theme would be making the closest possible match between the interests and capabilities of students and educators. Significant changes in district student and teacher assignment practices would be necessary, as would some preference-ordering system, since not everyone would get their first choice. These changes could be made either on a districtwide basis or by designating "free zones" within or across established attendance areas. Many desegregating districts have already moved significantly in this direction by liberalizing transfer policies, establishing magnet schools, and allowing students to move among schools during the school day.

Another alternative might stress selection at the school level, rather than centrally mandated matching. Staff and student assignment could be delegated to the school level, in much the same way these functions are currently performed within universities, by charging the chief administrator or the corporate board of the school with the responsibility for selecting staff and students within certain broad personnel procedures and a budget constraint. Parents and students would apply to schools and would be allowed to switch affiliations between application periods. Likewise, teachers, after some initial sorting process based on voluntary affiliation or central matching, could apply to any school on a space-available basis. New teachers entering the system would have to be hired by a school before they could be hired by the system at large--the reverse of centralized hiring. Because of the universal nature of elementary and secondary schools, any system of school-level selection would have to include either centrally

mandated enrollment quotas or generous financial incentives to assure attention to the needs of difficult-to-teach students.

Centrally mandated matching and school-level selection represent alternative ways of shifting the locus of responsibility for attendance and staffing from central administrators to parents, students, and educators. They constitute ways of removing these key decisions from impersonal, standardized systems to structures in which real people are required to make and justify choices. Thus, they are not likely to be popular, at least initially, with those established school administrators and teachers who are the beneficiaries of centralized assignment. The basic rationale for school-level selection is that the act of affiliating with a group is, in itself, an important source of motivation for doing well in that group.

CONTENT

Content determines what is taught and, indirectly, how it is taught. Existing policies and practices concerning content are not easily captured by a simple formula. There are a multitude of state- and district-level prescriptions that bear in one way or another on content--subject matter requirements, graduation standards, textbook adoptions, and the like. But there is also considerable evidence that these prescriptions have mixed and complicated effects on what is taught. Content requirements can be complied with in *pro forma* ways at the district and school level. Thus, a district or school may teach Algebra I, but do so in a watered-down or souped-up way; it may use the prescribed textbook but finish only half of it or supplement it with more advanced materials. There is virtually no direct inspection of compliance with content requirements. In addition, content requirements interact heavily with classroom teaching to produce distinctively different experiences for different students in a nominally standardized curriculum. Teacher A may require students to work in groups on projects designed around standard topics, while Teacher B may lecture and pass out ditto sheets. The existing system, then, is characterized by centralized rulemaking with highly decentralized implementation.

At the opposite extreme from this system is the one envisioned by voucher advocates, in which content decisions are market-determined, with minimal or no central regulation. In the regulated market model, every centrally mandated content requirement is seen as compromising the essential principle of consensual choice between consumers and providers.[4]

In one sense, the locus of content determination could be seen as the most basic issue of choice, since changes in finance, attendance, and staffing practices would have little effect on the array of actual choices for consumers and providers if everyone were teaching the same thing in the same way. But even in the existing system, there is little central control over the implementation of content requirements, and there is considerable variation in what is actually taught. Hence, it is far from clear that central rulemaking on content results in uniform practice. A more realistic assumption would be that the environment surrounding content decisions can be modified in certain ways, but that many of the key content decisions under any arrangement of finance, staffing, and attendance will occur at the school and classroom level.

One alternative to the existing system would be to decentralize rulemaking as well as implementation. Since many key content decisions are already made at the school and classroom level, that practice could simply be formalized and made more visible. A school might be required, as a condition for public support, to prepare a statement of content and learning objectives and to submit to periodic reviews of its plan and performance by a review panel of other educators, citizens, and state or local policymakers. State and local policymakers could describe the minimum elements of a plan, but the actual formulation of content and pedagogy would be left to the school, in its corporate capacity, defined to include parents and students, as well as educators. State and local policymakers could exert influence or leverage over content in much the same way they do now--by "jawboning," or calling attention to exemplary programs and deficiencies in the proposals and practices of schools.

---

[4]See Coons and Sugarman, *Education by Choice,* op. cit., pp. 167ff.

Another option would be to influence content by measuring performance. That is, all content decisions could be nominally left to consumers and providers, but state or local government would stipulate that in order to advance to certain levels, and ultimately to receive a diploma, a student would have to pass a series of examinations in specified content areas. To receive continued public financial support, a school would have to maintain a certain success rate on the examination. Exams could be administered by a central agency and evaluated by teachers from other schools against a template provided by the examining agency.

The amount of variability in content from one school to another would depend on the frequency, breadth, and detail of the examination system. A system that tested only for basic mastery of academic subjects--writing, mathematics, science, history--would permit wide latitude in both pedagogy and content. A system that tested for levels of proficiency, rather than only for basic mastery, would allow some schools to focus exclusively on rigorous training for the highest level of proficiency in academic subjects, while others might aim for basic mastery supplemented by training in the arts, technology, or vocational skills.

An exam-driven system might also allow for mobility among schools and programs. At the secondary level, some students might formally "test out" of certain subjects and move on to more advanced, post-secondary-level courses. Other students requiring remedial help might focus exclusively for some period of time on a single academic subject in which they are having trouble. At the elementary level, parents might choose, for example, to enroll their children in intensive summer sessions in a given subject to free up time during the school year for extra instruction in art or music.

The problems with exam-driven systems are fairly well known. Without more restraint than most policymakers are willing to exercise, examinations can quickly become at least as obtrusive as centralized rulemaking in specifying content. Under pressure to justify the rigor and fairness of the exams, the examining agency would probably graft more and more specific content areas onto them, resulting in less and

less flexibility for the design of school programs. Under pressure from diverse educational interests, examiners might adjust the content of the exams to reflect the emphases of certain types of schools. Regardless of how careful the examining agency might be in limiting the exam to only basic subject matter, some schools would still compete by selecting students with high aptitudes for the exam, by allowing the content of the exam to dominate their curriculum, and by advertising their success rates to prospective applicants. Exams that discriminate on the basis of proficiency in subject-matter knowledge can also discriminate on the basis of other attributes, including race and sex, raising questions of equity. Any uniform exam system carries the implicit assumption that children follow more or less uniform stages of development, which is not an accurate reflection of the diversity of children's intellectual growth.

Decentralized rulemaking and examinations both entail many practical problems, but their implementation could result in a significant shift in the incentives under which consumers and providers operate. Both options force the locus of responsibility for content decisions to the school level. Decentralized rulemaking uses process--planning and politics--as the main mechanism for generating engagement and commitment. Examinations use performance. Both provide a significant degree of central influence over content, though by indirect means. Decentralized rulemaking exerts influence through central review and approval. Examinations use exam content and collegial norms. Both forms of influence are highly susceptible to recentralization, if policymakers are not committed to shifting the locus of responsibility, because both involve the creation of new bureaucratic structures with their own interests.

ORGANIZATION

The options in Table 1 are grouped by school organization. In local centralization, the classroom is the central focus of the system, and each successively broad organizational level above that--the school, the district, the state, and the federal--makes some claim on classroom activity. Different levels make different, often overlapping or competing, claims. But the dominant theme is centralization of

administrative functions at the district level. The district, in its corporate capacity, is the main administrative unit; the classroom, nested within the school, is the basic provider of education.

At the other extreme is the system visualized by advocates of regulated voucher systems, in which schools act as small autonomous firms, operating under the minimum constraints necessary to prevent monopoly or discriminatory practices. Consumers are direct recipients of government financing, which they, in turn, use to purchase education from providers. Staffing, attendance, and content decisions are made by mutual consent among consumers and providers, with no central planning or control beyond the minimum necessary to assure that certain conditions of consumer access and market structure are met. Central influence, insofar as it occurs at all, takes the form of "market-enhancing" activities--such as the consumer information functions performed by the Better Business Bureau or the market-clearing functions performed by counseling and placement services.

Between these extremes, we have defined two of a virtually infinite number of organizational possibilities, for illustrative purposes. One of these might be called school-site decentralization, which combines lump-sum financing of schools, centrally mandated matching of students and teachers with programs, and school-level planning for content. Schools, rather than individual consumers, are the recipients of government funding. District-level administration consists of setting the menu of content options through a combination of consultation with the community and central decisionmaking, making lump-sum allocations to schools, and running a districtwide matching system that pairs students and educators with the program options that most closely approximate their preferences. This option contains a considerably stronger central role for district administrators than the one envisioned by the regulated market model, but a considerably less centralized one than the nested hierarchy.

The other possible option we have described might be called cooperative contracting. This model is based on a contracting model of finance, in which funding is delivered to schools by contracts with consumer or producer cooperatives, based on per-capita reimbursements for services. As in the regulated voucher model, schools are free-

standing organizations, run by their owners, that select staff and students themselves within a structure of public regulations designed to provide protection against monopoly and discriminatory practices. The main difference between the cooperative contracting model and the regulated voucher model, at the provider level, is that the form of organization allowed to participate in public financing would be restricted to consumer or producer cooperatives. This mechanism would be much like the preferential financing currently offered by the federal government for health maintenance organizations, which are consumer- or producer-owned providers offering health care on a flat-fee, rather than a fee-for-service, basis. The content taught in the cooperative contracting model could be centrally influenced by a centrally administered examination system, which would provide direction for curriculum content without prescribing the actual subjects and materials to be taught.

As we have noted, there are many other possibilities. The important point is not to present an exhaustive analysis of options, but to illustrate the way in which alterations of policies affecting finance, attendance, staffing, and content change the form of organization and the relationship between clients and providers of education. With the movement of finance from individual consumers to consumer cooperatives, to producer cooperatives, to schools in a decentralized system, or to school districts, the locus of fiscal leverage shifts among key actors. With the movement of attendance and staffing decisions from individual clients to cooperatives, to matching systems, or to centralized bureaucracy, the conditions of affiliation between educators and their clients change. With the movement of content decisions from consumer-driven to exam-driven, to school-site planning, or to central rulemaking, the locus of decisions about what is taught shifts. Any of these shifts would have important implications for the distribution of power and authority in the provision of public schooling.

IV. SHOULD POLICYMAKERS EXPERIMENT WITH CHOICE?

This analysis has attempted to array a range of options for enhancing and constraining client and provider choices on several dimensions, and hence to break the large, dichotomous choices proposed by voucher and tax credit advocates down into smaller, bite-sized pieces that policymakers can digest and experiment with on a smaller scale. One of the chief complaints by critics of the existing system has been that its structure imposes prohibitively large and unequal costs on clients who are dissatisfied with the quality of the schooling they were dealt. Changes of residence and enrollment in private schools, we saw, were extraordinarily "lumpy" choices, entailing large costs in money and time to make and reverse. The effect of breaking key dimensions of choice into smaller, more manageable pieces is to "smooth out" client choices, reducing costs and potentially making them more manageable for all consumers.

This analysis also underscores the importance of framing experiments around the problem of choice in both supply-side and demand-side terms.[1] Loosening up choice on the consumer side, through changes in attendance policies, for example, while leaving constraints on the provider side, in the form of limits on staff assignment and content decisions, will result in increasingly diverse client demands being placed on a narrow and rigid structure. Loosening up choice on the producer side, in the form of increased school-level responsibility for staffing and content, while leaving constraints on the consumer side, in the form of centralized attendance policies, results in more school-level control, but not necessarily more responsiveness to client demand. Whatever the array of options, reducing central control on one side without also reducing it on the other will defeat the purpose of enhanced choice by putting one side or the other at a disadvantage.

---

[1]For another discussion of the argument for joining supply-side and demand-side changes, see Joe Nathan, *Free to Teach: Achieving Equity and Excellence in Schools,* New York: Pilgrim Press, 1983.

Is there any firm evidence upon which to base a judgment that these structural options, or any others we might develop along similar lines, will improve the academic achievement of students? The short answer is, No. The evidence[2] suggests that there is no simple causal relationship between choice, as we have discussed it here, and students' academic performance. Saying there is no direct causal relationship, however, is not the same as saying that there are no grounds for experimentation with choice.

In the absence of evidence linking choice and academic performance, there are many reasons for experimenting deliberately with options of the sort outlined above. First, the limits of local centralization have been clearly established. The centralization of finance, attendance, staffing, and content exact a relatively high cost in administrative overhead, and in the diversion of energy and commitment from the central tasks of teaching and learning. Even the greatest alleged strength of the system--its ability to deliver a relatively standard product to a relatively broad clientele--is undermined by two facts: The system is hemorrhaging one-fifth to one-half of its clientele during their adolescent years, and the education of those who remain is, at its best, highly variable in quality, and at its worst, dismal.

A second reason for experimenting is that consumer and producer choice may be values worth recognizing in their own right, regardless of their instrumental relationship to student performance. A basic philosophical premise of democratic thought is that government derives its authority from the people, rather than possessing inherent authority. When nominally democratic institutions like the public schools become bureaucracies with interests of their own, they raise serious questions about their relationship to those they are supposed to serve. Loosening up the structure of schools, providing more influence for citizen consumers and professional providers, is one way of sending signals to the bureaucracy that its interests are not paramount.

---

[2]See footnote 20, Sec II.

A third rationale for experimenting with new forms of consumer and provider choice is that it may be a way of engaging the creative energy of parents and educators in the solution of serious educational problems, independent of whether choice by itself is good or effective. Hierarchies of the type represented by local centralization condition clients and providers to look up for solutions, to higher-level administrators and policymakers, rather than inward at themselves or outward toward their peers. Pushing decisions on finance, staffing, attendance, content, and organization out into the schools may result in more attention at that level to the deliberate design of teaching and learning, rather than to the implementation of plans formulated elsewhere.

These arguments in favor of experimentation with policies directed at educational choice, however, should be approached with several cautions. The first and most obvious is that the existing system has proven extraordinarily resilient in the face of attempts to change it. In the Alum Rock voucher experiment, for example, the information educators made available to parents on their educational options was not useful in discerning differences among programs, and there is substantial evidence that the programs themselves did not represent carefully thought out and implemented options. Teachers and administrators fought and defeated proposals to publicize achievement test scores across programs, on the grounds that they did not provide fair comparisons. And teachers and administrators opposed the introduction of a third-party organization to act as an "impartial" arbiter on questions of information and administration.[3]

The results of other experiments with choice have not been much more encouraging. Teachers and administrators tend to adapt client choice systems to ease their effects on established patterns, rather than adapting their behavior to the new incentives introduced by client choice. Small-scale, within-district experiments create divisions between participants and nonparticipants--parents, teachers, and students alike. These divisions result in charges of inequity that

[3]Cohen and Farrar, op. cit.

create political problems for school administrators and local board members. Alternative programs tend to lose their distinctiveness and their support among teachers and clients over time.[4]

A second caveat is that recent studies of public secondary schools show that students are already presented with a considerable array of choices among courses and alternative programs within schools, but that the typical student either chooses a program that lacks coherence or defers to a standard program specified by another adult, typically a counselor, which also lacks focus. Only in exceptional instances do highly motivated students choose academically challenging programs. The typical teacher accepts this state of affairs as inevitable, though he or she may find it objectionable in principle.[5] The picture presented by this research is one in which student choice functions to reinforce a mediocre, substandard level of academic content and performance, rather than raising that level.

On the other hand, there is some evidence that a few public schools have successfully created environments in which academic learning occurs among students from a variety of backgrounds. These settings are usually described as ones in which educators have clear expectations for academic success, educators provide reinforcement for student achievement, students operate under clear guidelines for behavior and discipline, educators agree on academic objectives, and school leadership supports teachers in instructional and discipline decisions.[6] Conspicuously absent from this research, however, is any evidence about

---

[4]Raywid, "Family Choice Arrangements in Public Schools"; Cohen and Farrar, "Power to the Parents?"; Richard Nault and Susan Uchitelle, "School Choice in the Public Sector: A Case Study of Parental Decision Making," in Michael Manley-Casimir (ed.), *Family Choice in Schooling*, Lexington, Mass.: Lexington Books, 1982, pp. 85-98; *A Study of Alternatives in American Education*, Vol. VII: *Conclusions and Policy Implications*, The RAND Corporation, 1981; Richard Murnane, "Family Choice in Public Education"; Mary Metz, *Different by Design: The Context and Character of Three Magnet Schools*, New York: Routledge, Kegan, Paul, 1986.

[5]See Arthur Powell, Eleanor Farrar, and David Cohen, *The Shopping Mall High School: Winners and Losers in the Educational Marketplace*, Boston: Houghton-Mifflin, 1985; also Ernest Boyer, *High School: A Report on Secondary Education in America*, New York: Harper, 1985; and Theodore Sizer, *Horace's Compromise: The Dilemma of the American High School*, Boston: Houghton-Mifflin, 1984.

[6]See Michael Rutter et al., *Fifteen Thousand Hours: Secondary Schools and Their Effects on Children*, Cambridge, Mass: Harvard

the influence of parent, student, or teacher choice in those settings on student achievement.

A third caution is that any experiment with educational choice must come to terms with the problem of active versus inactive choosers. There is some evidence that parents differ by race and social class in the amount of information they have about available options and in their preferences for academic content, discipline, and instructional style.[7] One possible consequence of experiments with increased choice for clients and providers is a situation in which nominally neutral mechanisms produce highly segregated school populations. Another possible consequence is the congregation of active choosers in one set of schools, with inactive choosers ending up by default in other schools, creating a stratified system which is responsive to the former and ignores the latter.[8]

Finally, there is no guarantee that enhancing client or provider choice will increase the quality of education provided to the average student. Most, if not all, of the power of client choice to improve schooling rests on the ability of clients to make informed choices. High-quality information about the content and performance of schools is difficult and costly to get, it must be collected with care, and it must be interpreted with detachment and skepticism after it is collected because it presents a limited picture of what schools are about. Supply-side competition introduces strong incentives for providers to present superficial or inaccurate information on effectiveness, to package information to promote their product, and to protect as proprietary certain types of information that would be useful in making client choices. Since providers control the "technology" of schooling, they have a significant advantage over consumers in the control of useful information. Demand-side competition introduces strong

---

University Press, 1980, pp. 180ff.; Sarah Lawrence Lightfoot, *The Good High School*, New York: Harpers 1983, pp. 309ff; Stewart Purkey and Marshall Smith, "Effective Schools: A Review," *Elementary School Journal*, Vol. 83, No. 4, 1983, pp. 24-31.

[7]See Nault and Uchitelle, "School Choice in the Public Sector," op. cit.

[8]See Albert Hirschman, *Exit, Voice, and Loyalty: Responses to Decline in Firms and Organizations*, Cambridge, Mass.: Harvard University Press, 1969.

incentives for active choosers to use their market power (money, time, influence, access) to gather and use information that improves their relative position in the market. In other words, one effect of introducing greater choice may simply be to increase competitiveness without increasing quality, because quality is an ambiguous commodity in education.

In summary, the major argument in favor of experiments with increased choice is that they provide a much-needed prod to a system that is increasingly bureaucratic in its relations with its clients. The major problems associated with such experiments are that they may be co-opted by the system they seek to change or that, if they succeed, they may impose the risks of mindless and destructive competitiveness without the benefits of greater attention to quality.

REFERENCES

A Study of Alternatives in American Education. 1978. R-2170/1-NIE through R-2170/7-NIE. Santa Monica, Calif.: The RAND Corporation.

"A Theory of Non-Market Failure: Framework for Implementation Analysis." 1979. *Journal of Law and Economics*. 22:107-139.

Boyer, Ernest. 1985. *High School: A Report on Secondary Education in America*. New York: Harper.

Bridge, R. Gary, and Julie Blackman. 1978. *A Study of Alternatives in American Education, Vol. IV: Family Choice in Schooling*. Santa Monica, Calif.: The RAND Corporation.

Center for the Study of Public Policy. 1970. *Education Vouchers: A Report on Financing Elementary Eduction by Grants to Parents*. Cambridge, Mass.

Chubb, John, and Terry Moe. 1985. "Politics, Markets, and the Organization of Schools." Unpublished paper deliverd to the Annual Meeting of the American Political Science Association. September.

Cohen, David, and Eleanor Farrar. 1977. "Power to the Parents?--The Story of Education Vouchers." *Public Interest*.

Coleman, James. 1985. "Schools, Families, and Children." Ryerson Lecture. Chicago, Ill.: University of Chicago Press.

Colemen, James, Thomas Hoffer, and Sally Kilgore. 1982. *High School Achievement: Public, Catholic, and Private Schools Compared*. New York: Basic Books.

Coons, John E., and Stephen Sugarman. 1978. *Education by Choice: The Case for Family Control*. Berkeley, Calif.: University of California Press.

Friedman, Milton. 1962. *Capitalism and Freedom*. Chicago, Ill.: University of Chicago Press.

Garms, Walter, James Guthrie, and Lawrence Pierce. 1978. *School Finance: The Economics and Politics Of Public Education*. Englewood Cliffs, N.J.: Prentice-Hall.

Goldberger, Arthur, and Glen Cain. 1982. "The Causal Analysis of Cognitive Outcomes in the Coleman, Hoffer, and Kilgore Report." *Sociology of Education*. 55:103-122.

Greenberger, Ellen, and Laurence Steinberg. 1981. "Part-Time Employment of In-School Youth: An Assessment of Costs and Benefits." Unpublished research report. University of California, Irvine.

Hirschman, Albert. 1969. *Exit, Voice and Loyalty: Responses to Decline in Firms and Organizations.* Cambridge, Mass.: Harvard University Press.

James, Thomas. 1983. "Questions About Educational Choice: An Argument from History." *Public Dollars for Private Schools: The Case of Tuition Tax Credits.* Philadelphia, Pa.: Temple University Press.

Landes, William, and Lewis Solomon. "Compulsory Schooling Legislation: An Economic Analysis of Law and Social Change in the Nineteenth Century." *Journal of Economic History.* 32:54-91.

Levin, Henry, and Thomas James, eds. 1983. *Public Dollars for Private Schools: The Case of Tuition Tax Credits.* Philadelphia, Pa.: Temple University Press.

Lightfoot, Sarah Lawrence. 1983. *The Good High School.* New York: Harpers.

May, Peter. 1981. "Hints for Crafting Alternative Policies." *Policy Analysis.* 7:227-244.

Metz, Mary. 1986. *Different by Design: The Context and Character of Three Magnet Schools.* New York: Routledge, Kegan, Paul.

Michaelson, Jacob. 1981. "A Theory of Decision Making in the Public Schools: A Public Choice Approach." In Samuel Bacharach, ed., *Organizational Behavior in Schools and School Districts.* New York: Praeger.

Morgan, William. 1984. "The High School Drop-Out in an Overeducated Society." Center for Human Resource Research. Ohio State University. February. Quoted in Dale Mann, "Can We Help Dropouts: Thinking About the Undoable." *Teachers College Record.* Spring. 87:308.

Murnane, Richard. 1981. "Evidence, Analysis, and Unanswered Questions." *Harvard Educational Review.* 51:483-189.

-----. 1984. "A Review Essay--Comparisons of Public and Private Schools: Lessons from the Uproar." *Journal of Human Resources.* 19:263-277.

-----. 1987 (forthcoming). "Family Choice in Public Education: The Roles of Students, Teachers, and System Designers." *Teachers College Record.* Winter.

Musgrave, Richard, and Peggy Musgrave. 1973. *Public Finance in Theory and Practice*. New York: McGraw-Hill.

Nathan, Joe. 1983. *Free to Teach: Achieving Equity and Excellence in Schools*. New York: Pilgrim Press.

National Governors' Association. 1986. *Time for Results: The Governors' 1991 Report on Education*. Task Force on Parent Involvement and Choice, Supporting Works. August.

Nault, Richard, and Susan Uchitelle. 1982. "School Choice in the Public Sector: A Case Study of Parental Decision Making." In Michael Manley-Casimir, ed., *Family Choice in Schooling: Issues and Dilemmas*. Lexington, Mass.: Lexington Books.

Powell, Arthur, Eleanor Farrar, and David Cohen. 1985. *The Shopping Mall High School: Winners and Losers in the Educational Marketplace*. Boston, Mass.: Houghton-Mifflin.

Purkey, Stewart, and Marshall Smith. 1983. "Effective Schools: A Review." *Elementary School Journal*. 83:427-451.

Rasmussen, Roger. 1981. *A Study of Alternatives in American Education. Vol. III: Teachers' Responses to Alternatives*. Santa Monica, Calif.: The RAND Corporation.

Raywid, Mary Anne. 1984. "Synthesis of Research on Schools of Choice." *Educational Leadership*. April.

-----. 1985. "Family Choice Arrangements in Public Schools." *Review of Educational Research*. Winter. 55:435-467.

Rowan, Brian, et al. 1983. "Research on Effective Schools: A Cautionary Note," *Educational Researcher*. 12:24-31.

Rutter, Michael, et al. 1980. *Fifteen Thousand Hours: Secondary Schools and Their Effects on Children*. Cambridge, Mass.: Harvard University Press.

Sizer, Theodore. 1984. *Horace's Compromise: The Dilemma of the American High School*. Boston, Mass.: Houghton-Mifflin.

Spring, Joel. 1982. "Dare Educators Build a New System?" In Michael Manley-Casimir, ed., *Family Choice in Schooling: Issues and Dilemmas*. Lexington, Mass.: Lexington Books.

Tyack, David. 1974. *The One Best System: A History of American Urban Education*. Cambridge, Mass.: Harvard University Press.

Tyack, David, and Elizabeth Hansot. 1982. *Managers of Virtue: Public School Leadership in America, 1820-1980*. New York: Basic Books.

U.S. Department of Education. 1985. *Justice and Excellence: The Case for Choice in Chapter 1.*

Wehlage, Gary, and Robert Rutter. 1986. "Dropping Out: How Much Do Schools Contribute to the Problem?" *Teachers College Record*. Spring. 87:374-392.

Williams, Mary Frase, Kimberly Small Hancher, and Amy Hutner. 1983. "Parents and School Choice: A Household Survey." School Finance Working Paper. Washington, D.C.: U.S. Department of Education. December.

This note may be obtained directly from the Publications Department, The RAND Corporation, 1700 Main Street, P.O. Box 2138, Santa Monica, CA 90406–2138. Telephone (213) 393-0411, Extension 6686.